

School of Accounting and Commercial Law

MMPA 514 ADVANCED FINANCIAL ACCOUNTING

Trimester 1, 2015

COURSE OUTLINE

Names and Contact Details

<i>Course Coordinator & Lecturer</i>	Tina Wendel tina.wendel@vuw.ac.nz Office Hours: TBA	RH 210	email is preferred
<i>Course Administrator</i>	Rebekah Sage rebekah.sage@vuw.ac.nz Office hours: Monday-Friday, 8.30 am – 5.00 pm	RH 728	463 6921

Trimester Dates

Teaching Period: Monday 2nd March – Friday 5th June
Study Period: Monday 8th June – Thursday 11th June
Examination Period: Friday 12th June – Wednesday 1st July (inclusive)

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before Friday 13th March 2015.
2. The standard last date for withdrawal from this course is Friday 15th May. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an 'Application for Associate Dean's Permission to Withdraw Late' including supporting documentation. The application form is available from either of the Faculty's Student Customer Service Desks or [online](#).

Class Times and Room Numbers

Thursdays: 5.40 pm – 8.30 pm;
Venue: RH LT2 (Rutherford House Lecture Theatre 2), Pipitea Campus

Exception:

Lecture 4 will be held on Wednesday, 25th March, 1.40 pm to 4.30 pm, in RWW501
Lecture 5 will be held on Thursday, 26th March, in RH LT2
No lectures will take place on 2nd April 2015 (lecture week 5)

Course Delivery

The course will consist of one three-hour lecture per week, plus assigned readings, and case studies.

Expected Workload

It is expected that students will work for 150 hours across the course. Lectures account for 36 hours of this time. Accordingly, students are expected to allocate seven hours per week during the teaching weeks (outside of class) to lecture preparation, lecture review, readings, and the mid-trimester test, and a further 30 hours preparing for the exam.

Prescription

Financial decision-making by firms, and the behaviour of financial markets.

Course Learning Objectives

Students who pass this course will be able to:

- (a) Critically analyse and apply a range of financial ratios to assess the financial performance of a firm, to develop financial forecast for assessing future financing needs and to understand the implications of growth on the firm.
- (b) Apply financial techniques for pricing various financial instruments and critically analyse the factors impacting the value of those financial instruments.
- (c) Evaluate various types of financing options available to the firm and critically apply various assessment factors such as flexibility, risk, income, costs and timing associated with each of the financing alternatives.
- (d) Critically analyse and apply a range of capital budgeting techniques to evaluate investment opportunities. Demonstrate how to estimate relevant cash flows and apply risk mitigation techniques.
- (e) Critically analyse issues related to the optimal capital structure and its implications on the firms cost of capital and the value of the firm itself.
- (f) Apply various company valuation approaches to estimate the value of the firm and critically analyse the advantages and limitation of each the valuation approaches.
- (g) Critically apply various financial analysis techniques in real-world financial cases studies.

Course Content

The lecture schedule is provided on the last page of this course outline.

Readings

The set text book is:

Ross, Westerfield, Jaffe, *Corporate Finance* (2013), 10th ed., McGraw-Hill/Irwin.

Paper copies of case studies will be handed out in class and further readings for this course may be posted on Blackboard.

Materials and Equipment

Only silent non-programmable calculators or silent programmable calculators with their memories cleared are permitted in the test and examination.

Assessment

The Assessment Handbook will apply to all VUW courses: see

<http://www.victoria.ac.nz/documents/policy/staff-policy/assessment-handbook.pdf>.

Option One		Option Two (if it will benefit the student)	
Mid-Trimester Test (60 minutes, Closed Book)	30%	Exam (120 minutes, Closed book)	100%
Exam (120 minutes, Closed book)	70%		

The Mid-Trimester Test will be held on Thursday, 23 April 2015 at 5.45pm to 6.45pm in RH LT2. The Mid-Trimester Test will be based on the material covered in Lectures #1 to #5. This test assesses course learning objectives (a), (b) and (g).

The Exam will be held during the exam period. The Exam will be based on the material covered in Lectures #1 to #12. This Exam assesses course learning objectives (a)-(g).

Penalties

Unjustifiable absences from a test will result in a mark of 'zero' for that test and may result in a student not meeting mandatory course requirements.

Students unable to take scheduled tests due to exceptional circumstances, must complete the 'Consideration of Exceptional Personal Circumstances for Tests Application Form' available on Blackboard. Submit this form to the MPA Administrator as early as possible, preferably before the test date.

Note: The submission of an application does not mean that the test requirement has been changed or waived. Penalties, as detailed above, will apply if it is not successful.

Exceptional Personal Circumstances include an impairment assessed by Disability Services, illness, bereavement, circumstances involving the health or wellbeing of a relative or close friend, compulsory attendance at court, national or international representative commitments, significant cultural commitments, or activities in which the student is representing the University.

*Note: Not being organised or failing to plan ahead are **not** exceptional circumstances.*

Examinations

Students who enrol in courses with examinations are obliged to attend an examination at the University at any time during the formal examination period. The final examination for this course will be scheduled at some time during the following period:

Friday 12th June – Wednesday 1st July (inclusive)

Mandatory Course Requirements

None.

If you cannot complete an assignment or sit a test or examination, refer to www.victoria.ac.nz/home/study/exams-and-assessments/aegrotat

Class Representative

A class representative will be elected in the first class, and that person's name and contact details made available to VUWSA, the course coordinator and the class. The class representative provides a communication channel to liaise with the course coordinator on behalf of students.

Communication of Additional Information

Additional information concerning this course will be provided in lectures and posted on Blackboard: <http://blackboard.vuw.ac.nz>. Urgent notices will be circulated by email.

Student feedback

Any feedback is considered and followed up.

Student feedback on University courses may be found at

www.cad.vuw.ac.nz/feedback/feedback_display.php

Link to general information

For general information about course-related matters, go to

<http://www.victoria.ac.nz/vbs/studenthelp/general-course-information>

Note to Students

Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and academic audit. The findings may be used to inform changes aimed at improving the quality of VBS programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

Lecture Schedule

Week/Date	Topic	Content
1 5 March	Financial performance analysis and short term financial management	Presentations: Financial ratios and funds flow analysis, operating and cash cycle Case study: Introduction to Butler Lumber Company – Profit rich and cash poor
2 12 March	Financial planning and short term finance	Case study: Butler Lumber – financial performance analysis Presentations: Financial planning, external required funding, funding approaches of current and permanent current assets
3 19 March	Managing growth	Case study: Butler Lumber Company – Financial forecasting and external funding requirements Presentations: Managing growth, internal growth rate, sustainable growth rate
*4 25 March	Capital markets – Corporate bonds	Presentations: Capital markets, Bonds features and pricing
**5 (lecture 5 held in week 4) 26 March	Capital Markets – Common stock	Presentations: Common stock and Dividend Discount Model valuation
Mid-Trimester Break (Friday 3 April 2015 till Sunday 19 April 2015)		
6 23 April	Mid-Trimester test	Mid-Trimester Test Continuation from lecture 5
7 30 April	Company valuations and cost of capital	Presentations: Recap cost of capital, company valuations (multiples and discounted cash flow valuations)
8 7 May	Company valuations and cost of capital	Case study Nike Inc.: Cost of capital and intrinsic value of equity
9 14 May	The financing decision	Presentations: Financial decision framework FRICTO Case study: Continental Carriers, Debt vs. equity finance
**10 & 11 21 & 28 May	Summarising case study	Case study: Flash Memory Inc.: Financial forecasting, Cost of capital and Capital budgeting analysis
12 4 June	Special topic	Spill-over and special topic (tba)

*Lecture 4 will be held on Wednesday, 25th March, 1.40 pm to 4.30 pm, in RWW501

**Lecture 5 will be held on Thursday, 26th March, in RH LT2

*** Lecture 10 and 11 will take place on Thursday, 21 and 28 May, 5.40 pm to 8.30 pm, in RH LT2 and computer labs RWW 102 and 202. We will meet in RH LT2 to discuss the case study and move then to the computer labs.
